



Lauterbachgroup

2013

Sustainability Report

2013 Lauterbach Group Sustainability Report

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This report will attempt to educate all stakeholders of our Group on our continual efforts towards sustainability. We have done a tremendous job at improving sustainability here at Lauterbach Group, but in order to keep improving we must know where we stand. First, we must define sustainability in order to understand what this report hopes to communicate. Sustainability is “the capacity to endure”, encompassing the sustenance of our business, our employees, and our world. So why is sustainability important for Lauterbach Group? An emphasis on sustainability will prolong our business for the future, lower costs, create a more rewarding working environment, and protect our world. Efficiency can be improved through better allocation of resources, while we simultaneously help lower our footprint on the environment. This report’s relevance lies in raising awareness of sustainability efforts to people within our Group, educating our clients, and supporting our suppliers’ and other Wisconsin businesses’ sustainability through example. We believe in complete transparency at our Group and this report will look to highlight both our strengths and our weaknesses in sustainability. The Lauterbach Group currently sustains commendably and this report will make an effort to display these successes as well as suggest possible methods for improvement.

The standard for sustainability reports lies in the Global Reporting Initiative (GRI). The GRI is the template for businesses creating extensive, formal sustainability reports. However, the GRI template exists mainly for very large businesses and due to our smaller size is inappropriate for our sustainability report. A lengthy GRI report is more in depth than necessary for our Group and contains data not recorded here at Lauterbach Group. Therefore, this report follows many of the main concepts of GRI reporting, specifically the triple bottom line, but less in depth and leaves out unnecessary or unavailable data and formalities. The triple bottom line concept declares that everything a company does impacts one or more of these three areas: economic, social and environmental. The benefits or consequences of all actions here at Lauterbach Group either affect our economic bottom line, our social bottom line, our environmental bottom line or a multiple of these. All sustainability efforts will be categorized into one of these three areas in this report for organization. Additionally, this report will follow the structure of explaining current sustainability efforts and data, then establishing goals for that bottom line in a year’s time, and lastly stating what steps our Group will explore in order to improve and reach those goals. After all, this report does not prove beneficial if we can’t decide where and how we can improve.

Social Sustainability

A vital aspect of a company’s sustainability is its social bottom line. The company’s interactions with employees, the community, and the supply chain all reflect a company’s social sustainability. Our Group has been and remains a leader in social sustainability. We have received many awards for our community efforts as well as our thriving workplace. We

received the *Successfully Sussex* Award for “extra effort to make Sussex a better place to live, work, or play” as well as the *Best Workplace in the Americas* Award for “creating an environment where employees can thrive along with their company through sound Human Resources practices”. Here at Lauterbach Group, the social experience with employees, the community, and our supply chain is just as important as the products we create.

Work Environment

We have an extremely friendly working environment, which establishes a healthy dialogue between Group members where all are encouraged to give input. This allows for new ideas to be given from fresh perspectives and allows the company to always improve. Our no door policy and consistent review of processes creates an open environment where all ideas to improve our processes are welcome. Additionally, our wishbone idea board allows and encourages all employees to formally write ideas on how to improve our business and production processes. We have excellent sanitation throughout the building, with frequent hand sanitizers all around the building. Hand sanitizing is required when entering the factory itself in order to guarantee a clean work environment as well as clean and sanitary products for our clients. In order to ensure client satisfaction, we pay attention to the sanitation of our products. For Group members, our compensation and benefits package includes:

- Complete Insurance Package (medical, vision, dental, life, and short term and long term disability)
- Generous 401(k) Retirement Plan
- 529 College Savings Plan
- Generous Universal Time Off
- Paid Holidays
- Education Reimbursement
- Attractive Office Environment
- Internal Growth Opportunities
- Paid Uniform Service
- Continuing Professional Education
- Group Sponsored Smoking Cessation Programs
- Group Sponsored Lunch Room Snacks and Beverages
- Group Sponsored Professional Association Membership and Training
- Group Sponsored Wellness Programs
- Group Sponsored Service Awards

Community

We are dedicated toward being an exceptional member of the Sussex community, because Sussex is an exceptional community for us. We have been and currently are very involved in the community through multiple community donations and service projects. Lauterbach Group has made significant investments in the Pauline Haass Public Library, the Village of Sussex Park, and various park and recreation programs in the Sussex community. Additionally, Lauterbach

Group sponsored the Sussex Park 50th Anniversary celebration and the Sussex 5K *I Run the Village* run/walk. The Sussex Community is an extraordinary place to work, live, and play and we want to do our part to uphold that. We also have made efforts to support the greater American community at large. Within the last year we have supported the American Heart Association's *America Goes Red* project, 100 Holes for Heroes event, and the Susan G. Komen Foundation for Breast Cancer. Finally, our Group believes in education, the education of our next generation. Through Group forward scholarships, we award college bound high school seniors of Group members \$1,500 scholarships toward college.

Supply Chain Interaction

Here at Lauterbach Group, we firmly believe in our Why Statement: “we believe in creating an exceptional client experience through ease of doing business, protecting the client’s brand, and keeping promises . . . and we make great labeling, marking, and packaging products.” The client experience here is just as important as the products we make. We happen to make excellent products, but we are first committed to a positive business experience with Lauterbach Group for everyone on our supply chain. We make sure business with us is easy and rewarding. We have established a client satisfaction survey to be filled out for review of our products and our service in order to find where we can improve. We also keep our suppliers to environmental and product quality standards to ensure our clients get the best possible product from us. We review our key suppliers for:

- environmental and sustainability initiatives
- identifying and implementing value added processes to better service our clients
- providing a positive work environment for employees
- social or community impact

The Lauterbach Group selects our key suppliers based on product safety, quality and environmental performance, on-time delivery, and their ability to provide product expertise, clean technologies and transportation with streamline communications. Additionally, selection depends on their sustainable efforts to reduce, reuse, and recycle. In order to ensure our clients get the best possible products, we make sure to use the best available inputs.

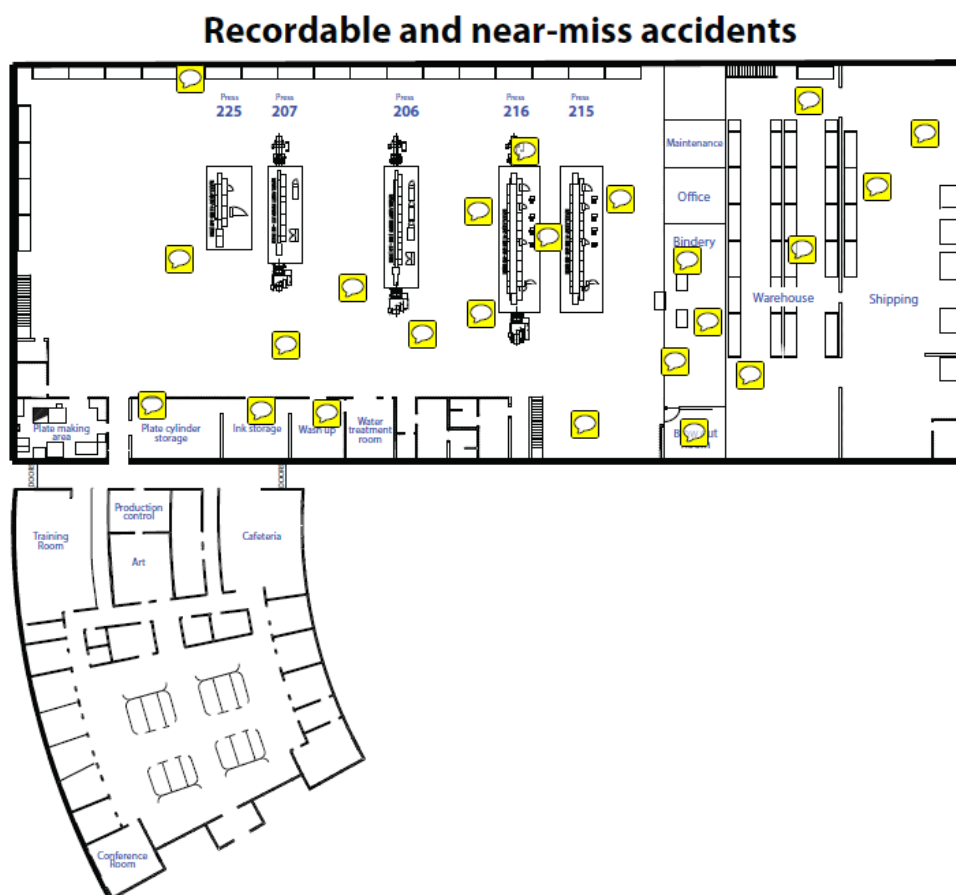
Employee Safety

We care for the safety of our employees. If our employees feel and are safe, we know their productivity increases. Lauterbach Group pays great attention to creating a friendly and rewarding work environment for everyone and safety plays a vital part in that workplace. Our state of the art and comprehensive safety system throughout the factory is ready for any and all situations. Currently, we make all new and old employees undertake a rigorous and attentive safety program annually in order to raise awareness and keep our employees safe. After all, the first step to safety is awareness. We understand the importance of all Group members recognizing all potential hazards and proper reactions to safety hazards and accidents. Additionally, there are mandatory monthly safety videos and quizzes to continue to

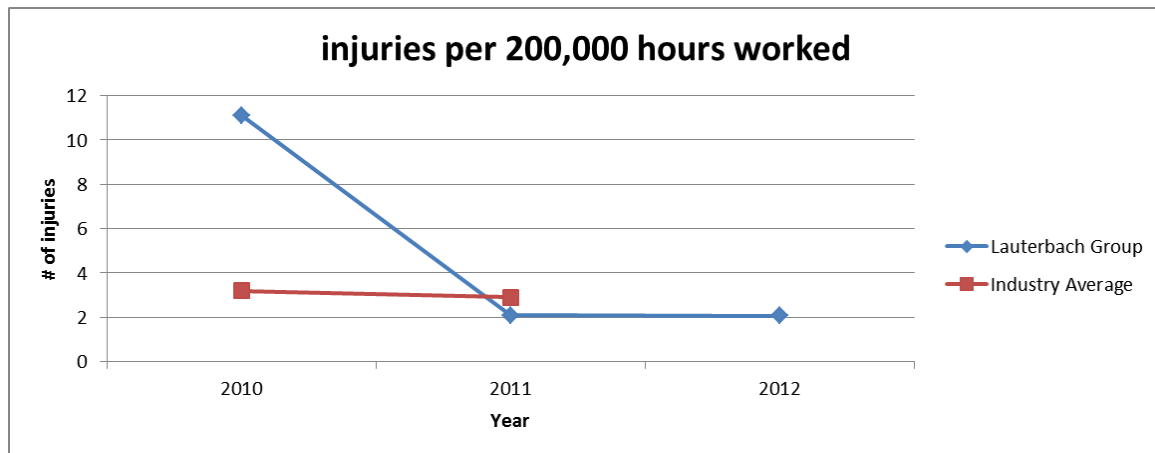
educate and remind all employees of safety hazards and policies. In 2011, we established an innovative near miss reporting program. Employees are required to report any event that could have been and continue to be potentially dangerous, even though no accident has taken place. We believe a proactive safety system present in the near miss reporting program to be better than a reactive safety system. In order to ensure safety we must remove and fix potential hazards before an accident occurs, not after. Near miss reports are posted for everyone to see and we have a monthly near miss review and walk around by all employees to raise awareness for everyone to the potential dangers and mistakes in the workplace and how we have fixed them. Our near miss incident log can be found here:

<L:\Lauterbach Productivity System\Sustainability Monitoring Metrics\Safety-NearMiss\Near Miss Incident Log.xlsx>

Our near misses are spread out around our factory with the majority of potential problems coming from the Press Room and Press 215. We track every near miss on a building map in yellow in order to understand where our near misses are coming from:



Fortunately, our near miss program catches these potential hazards and fixes them before we have an accident. We also comply with Occupational Health and Safety Administration(OSHA) standards of a safe factory workplace. Our OSHA data of our safe workplace reflects the improvements we have made in the last two years toward making our workplace safer, as we now lie below the industry average in incident rate:

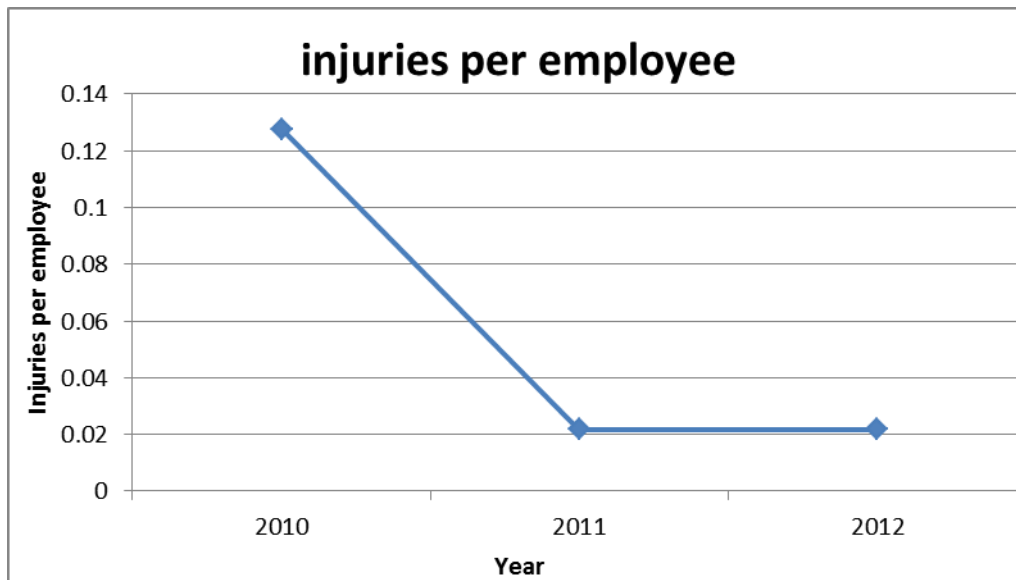


Incident Rate (Injuries per 200,000 hours worked)

	2010	2011	2012
Lauterbach Group	11.12	2.1	2.06
Industry Average	3.2	2.9 not available	

Our injury rate per hours worked has decreased since 2010, showing a positive trend towards a safer workplace here at Lauterbach Group. Our increased commitment to the near miss program and thorough safety orientations and walk-throughs has paid off in creating a safer work environment that allows for productivity and success. Our overall injuries, injuries per employee, and total days away from work because of a work related incident also reflect this trend of improvement.

	2010	2011	2012
Injuries per Employee	0.128	0.022	0.022
Days Away from Work per Employee	0.128	0	0
Injuries per 200,000 Hours Worked	11.12	2.10	2.06
Days Away from Work per 200,000 Hours Worked	11.12	0	0



The drop in workplace incidents coincides with the institution of the near miss program at Lauterbach Group. The near miss program was established in 2011 and has obviously been very successful with helping decrease the injuries in our workplace. We believe much of the decrease in workplace incidents has to do with the ability of the near miss program to raise safety awareness and prevent accidents before they happen. In addition to the decrease in workplace injuries and illnesses, we are proud to be able to say we have had 0 fatalities in the history of our company. We have been able to create a productive and successful company and products, while keeping the integrity and safety of our workplace intact.

Future Goals-

1. Achieve 0 workplace injuries and illnesses in 2013.
2. Inform all employees of sustainability efforts at Lauterbach Group and what they can do to help.
3. Institute 2 new community outreach programs or fundraisers during 2013.

Suggested Actions for Improvement-

1. 0 Workplace Injuries
 - a. Continue to emphasize near miss program and encourage employees to fill out near miss reports for every potential hazard they see, no matter how small. Establish a reward system for diligently filling out near miss reports to ensure all potential hazards are being taken care of.
2. Inform Employees about Sustainability
 - a. Uphold a sustainability newsletter or board to update employees on new sustainable actions. In addition, establish an employee's sustainability ideas section on the board to allow all employees to give ideas to better our company's sustainability. Lastly, an environmental sustainability section during

employee initiation would be beneficial to make sure new employees are aware of the procedures and actions taken here towards sustainability. We need all of our Group members' awareness and commitment in improving our sustainability.

3. Improve Community Outreach

- a. Contact local government and schooling system to discover community's needs for community outreach programs.

Overview

We do an excellent job of providing a positive experience with Lauterbach for all members of our supply chain, as well as our employees. Our open work environment and commitment to an exceptional client experience allow for a sustainable social climate at Lauterbach Group. We stay committed members of the community of Sussex and give back in any way we can. Lastly, our employee safety has improved drastically with the implementation of the near miss program and we will continue to make strides in all areas of social sustainability.

Environmental Sustainability

We are committed to stewardship of our environment through the methods of reducing, reusing, and recycling. Our waste management team improves our amount of waste sent to landfills, our amount and type of energy used, and our water sterility and waste through these methods. We recognize the importance of protecting our world for future generations and have been and continue to strive to be a leader in environmental sustainability. In addition to 0 environmental incidents or fines in the history of our company, we have been recognized for our environmental sustainability efforts through multiple awards. As shown on our website under Awards and Recognitions, we have received environmental excellence awards and recognitions from Tag and Label Manufactures Institute(TLMI), Flexographic Technical Association(FTA), Sustainable Forestry Initiative(SFI), Forest Stewardship Council(FSC), and the U.S. Green Building Council. We also comply with all environmental standards given by the Green Tier program from the Wisconsin Department of Natural Resources.

Green Masters Program

We have worked extensively with the Wisconsin Sustainable Business Council and have become members of their Green Masters program. The Green Masters program recognizes Wisconsin businesses that are exceptional at environmental sustainability and allows for feedback between all companies in the Green Masters for ways to improve. The Green Masters award is given to the top 20% of Wisconsin businesses in sustainability. The Green Masters program allows us to learn from others on how to improve our environmental efforts as well as let us assist other businesses through informing them of our own environmental methods. We are also able to compare ourselves to other companies in our sector to see where we stand in each aspect of sustainability. We received the highest score in the 2013 Green Masters Program.

Within the top 20% of Wisconsin businesses in sustainability, this is where we currently stand in each area of sustainability:

Development Area	Lauterbach	Sector Average	Sector Maximum	Sector Minimum
Climate Change	16	16	58	1
Community	40	26	52	8
Energy	61	42	74	17
Governance	37	30	82	1
Supply Chain	36	25	48	3
Transportation	33	18	39	3
Waste Management	59	42	65	9
Water	64	39	65	1
Workforce	41	40	65	17
Total Score	387	282	467	100



Sector	Lauterbach 2011	Lauterbach 2012	Lauterbach 2013	Score Increase Since Acceptance into Program	Score Increase From Previous Year
Climate Change	14	14	16	2	2
Community	39	39	40	1	1
Energy	62	59	61	-1	2
Governance	35	35	37	2	2
Supply Chain	27	27	36	9	9
Transportation	27	27	33	6	6
Waste Management	58	58	59	1	1
Water	60	60	64	4	4
Workforce	41	41	41	0	0
Total	363	360	387	24	27

As the data demonstrates, we have been and remain an exemplary leader in Wisconsin for sustainability. In the Green Masters program rating system, we rate at or above the sector average in every single category and rate well above the sector average overall, receiving the highest overall score. Our promising increasing trend in scores demonstrates our recent improvements made in sustainability, especially supply chain, water, and transportation. Our continued commitment to sustainability shows in the Wisconsin Sustainable Business Council's report and we will continue to make every effort to improve our sustainability marks and effects in every area.

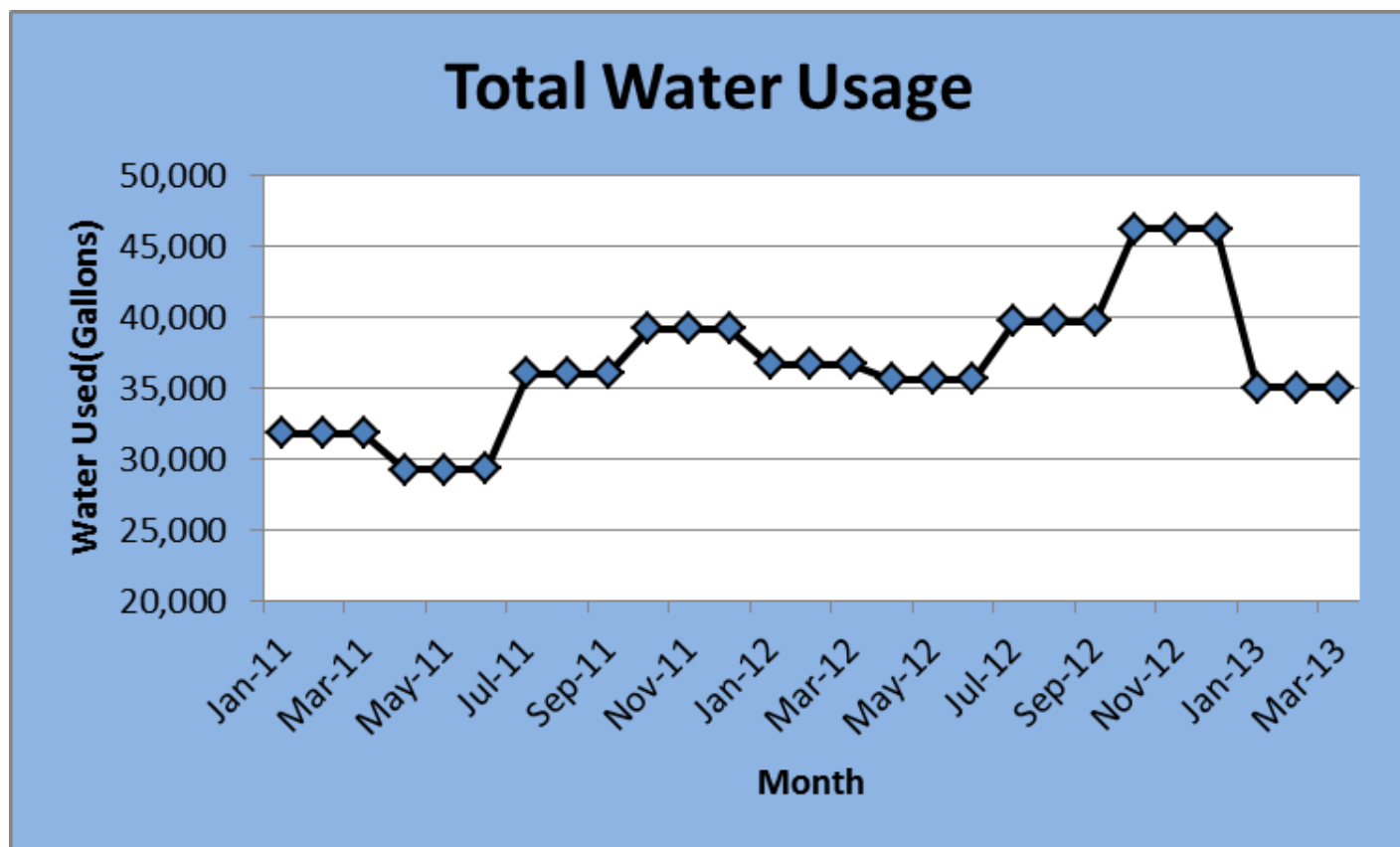
Filtered Water

Our group takes the quality of water we discharge or reuse very seriously. Although our dyes in our print process are water based and FDA approved to discharge, we make the conscious decision to do more. We feel the responsibility to make our water as clean as possible before it leaves our facilities. We filter our water 5 times from when it is first recovered to its final form. Our water treatment process is computer controlled to monitor pH levels and polymer, caustic, and coagulants used in the treatment of the water. Every month, we remove approximately 100 lbs. of solid ink cakes from the filtration of the water, which can be recycled into fuel pellets. We hold ourselves accountable to use and release only the cleanest water possible, much of it used to water the plants outside our building.

Water Usage/Recycling

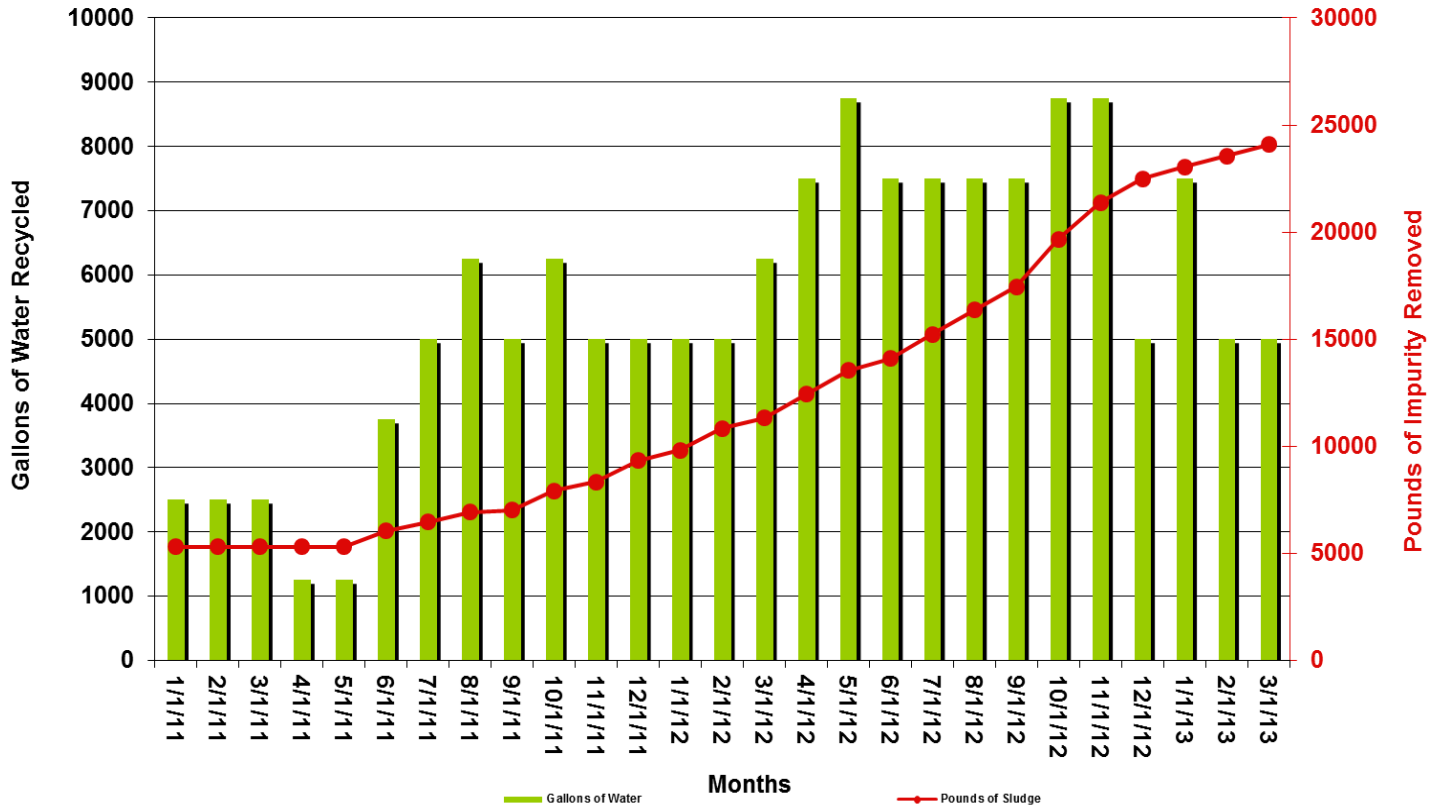
Water conservation is one of the most important environmental efforts in today's world. The cleanliness and amount of water available continues to decrease, but here at Lauterbach Group we make a concerted effort to make sure we conserve our water as much as possible. Low dual flush toilets and motion sensor bathroom faucets cut down on water usage in the building. Our

porous pavement in our parking lot filters rainwater runoff and restores natural aquifers. We use our filtered water from our 5 step filtration system as well as rain water from our roof to water the plants surrounding the building. Additionally, we have water restrainers at every step of the production process in order to minimize water use. By lowering our water usage, we minimize our impact on the environment and exhaustion of natural resources, while also decreasing our costs and improving our economic bottom line. Our overall water usage in 2012 of 474,600 gallons was an increase in 65,900 gallons of water from the 408,700 gallons used in 2011. While our total water usage has increased modestly from 2011 to 2012 as our production has increased,

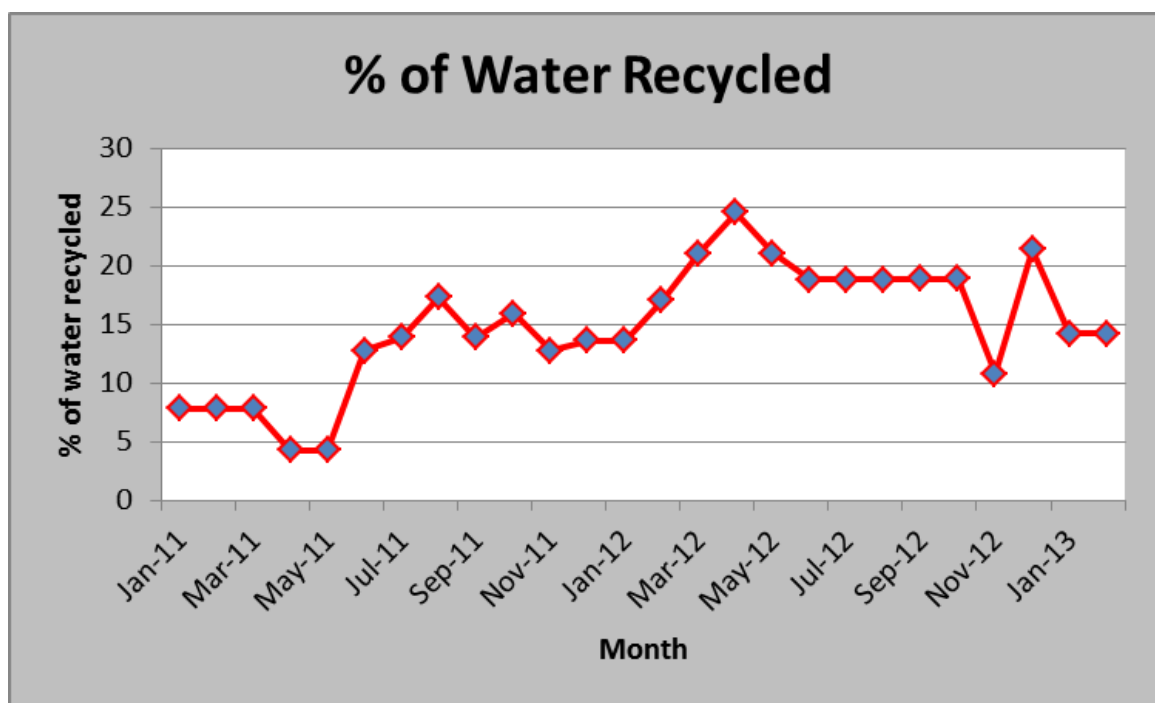


Our ability to recycle water has improved as we have improved the total amount of water we recycle, the percent of our water we recycle, the amount of impurity removed from our water, and the ratio of pounds of sludge produced per gallon of water recycled. Our total amount of water recycled has continued an upward trend through 2011 to 2012, as has our amount of impurities we have removed from our water:

Water Waste Management



We have increased our total amount of water recycled from 46,250 gallons of water in 2011 to 85,000 gallons of water in 2012. This accounts for an increase of 38,750 gallons of water recycled or an 83.8% increase from 2011. The increase in recycled water allows us to be good environmental stewards through saving water and help lower our costs. The increase in impurities removed comes with the increase in water recycled, but also demonstrates our improved filtration techniques to finish with the cleanest water possible. The amount of gallons of water recycled has increased, but so has the total water usage. In order to understand if our water recycling process has improved, we must examine the % of total water used that is recycled:

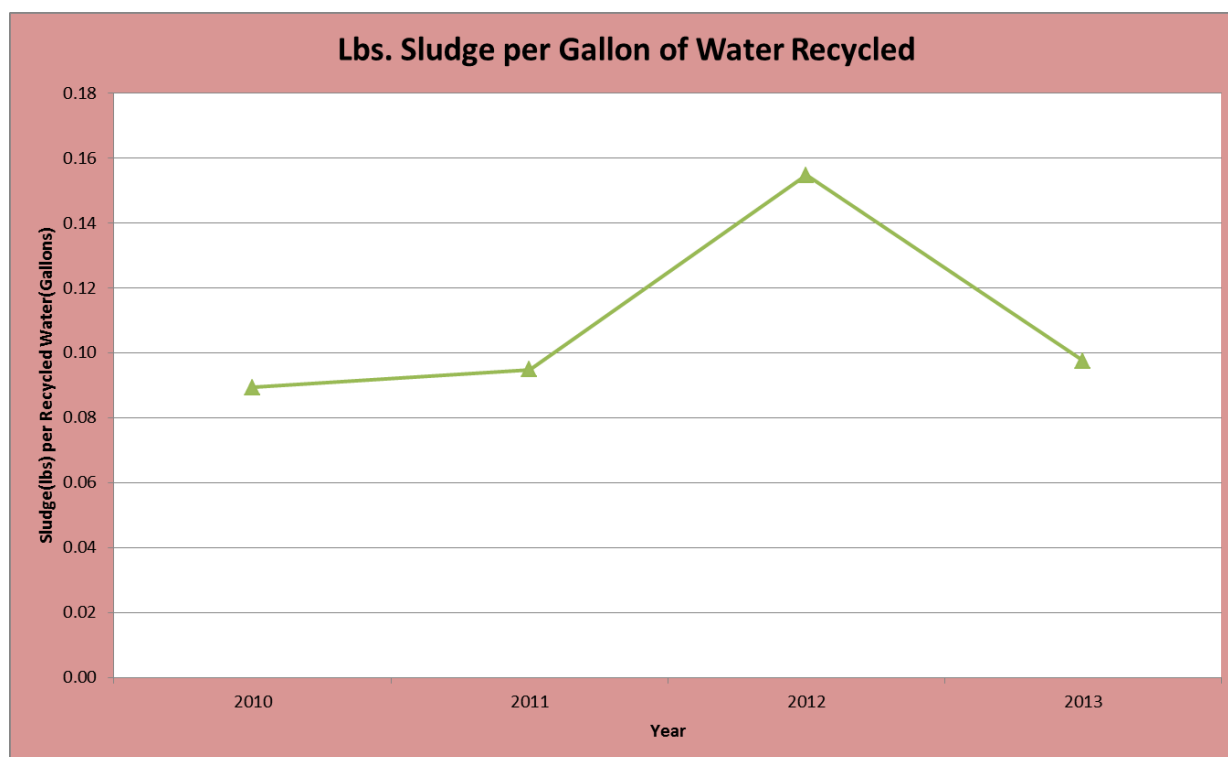


This graph demonstrates how our techniques in recycling water at Lauterbach Group have improved. Our recycle and filtration system has been very effective in recycling used water into clean water that can be used for other purposes in our building. We have in fact increased our total percent of water recycled from 11.3% in 2011 to 17.9% in 2012. This 6.6% increase shows promise for our water recycling processes and will hopefully continue in order to lower our costs and use of water resources. The cleanliness of our water that we reuse or that leaves the facility integrates into our production processes. We have made efforts to remove as many impurities from our used water as possible through our 5 step filtration system in order to maintain the sanitation of our water:

Gallons of Water Treated and Recycled

	2010	2011	2012	2013
Pounds (lbs.) of Sludge	3,574	4,388	13,156	2,681
Gallons (gal.) of Water	40,000	46,250	85,000	27,500
Pounds (lbs.) per Gallon	0.09	0.09	0.15	0.10

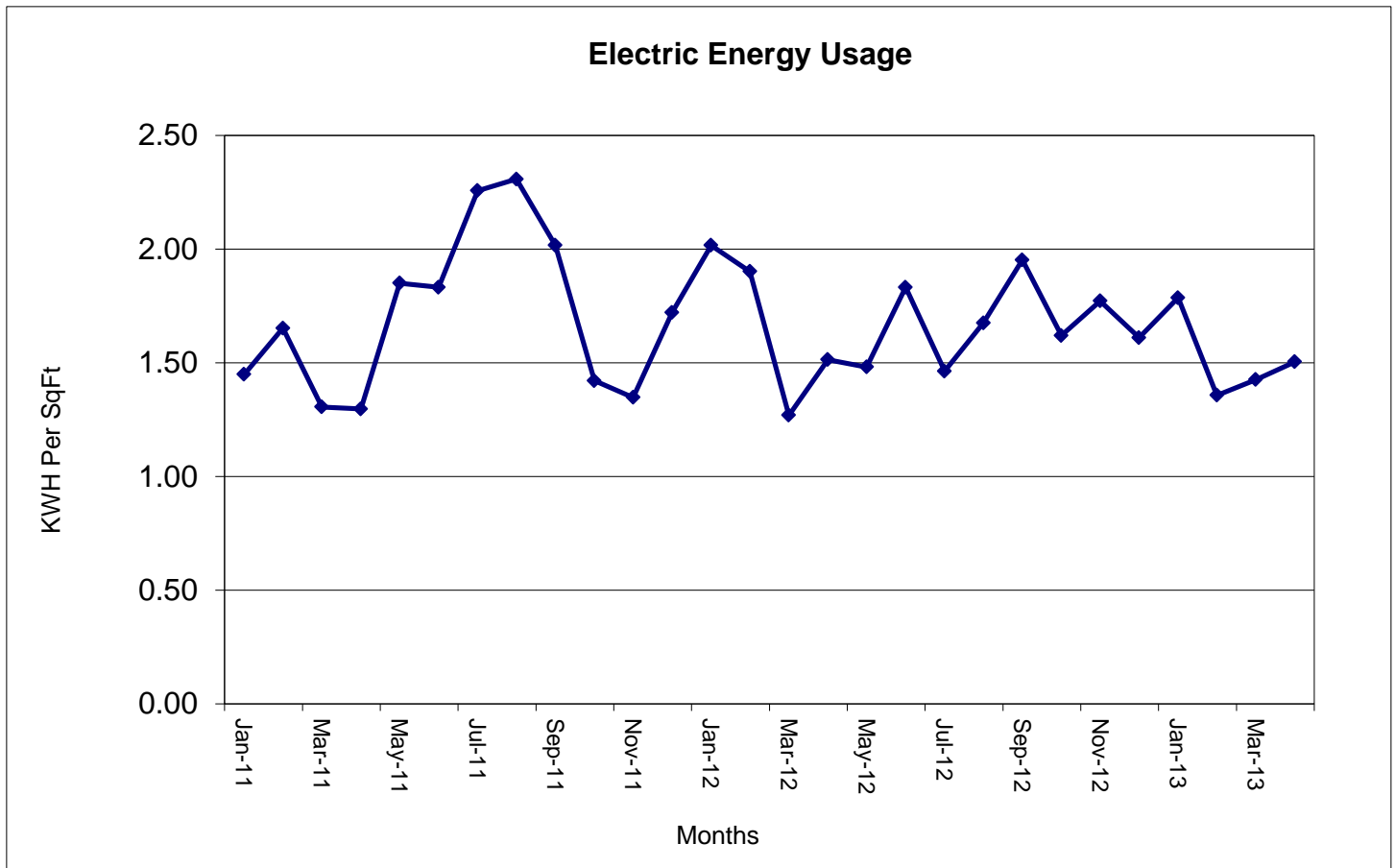
Through May 2013



The increase in sludge per gallon of water recycled in 2012 has been counteracted thus far in 2013. The higher the ratio, the better our water filtration process, as we are getting more waste out of our water. We have been fairly stable around the 0.10 range for lbs. of sludge per gallon of water recycled with a jump in 2012. The jump is due to a new separating chemical used in 2012, which we experimented with and successfully improved our filtration process. Unfortunately, due to supplier problems, we had to change filtration chemicals again in 2013. We have seen a slight improvement in the filtration efficiency in 2013 compared to 2010 and 2011 and as we work out the best process with the new chemical to filter, this ratio should increase.

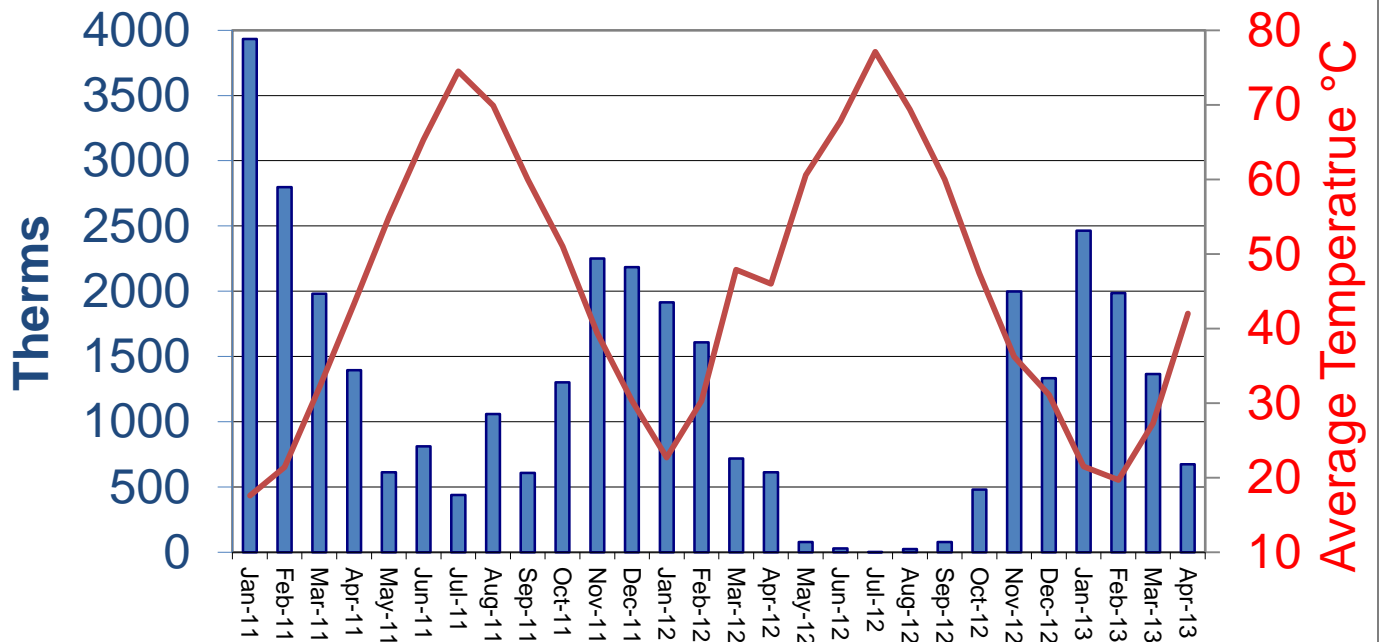
Energy Usage

Lowering our energy usage decreases the amount of money needed to pay bills and allows our group to consume fewer resources from the environment. Lauterbach Group currently lowers electric usage and costs through motion sensor lights throughout the building. Additionally, we manage our presses so that they are running only the needed time and are not consuming electricity or other energies when the presses are not in use. Our new building, which we moved into in 2009, allows for more natural light flow into the building, reducing our need for high intensity light during the day. Instead, we are able to use natural light from outside to light the majority of the building during the day. Our electric use has remained fairly stagnant in the last two years, with a slight decrease in use of energy:



We used 1,307,100 KWH total of electric energy in 2012, compared to 1,329,900 KWH in 2011, while our revenues increased by 17% from the previous year. This equated to a decrease of 22,800 KWH of energy or a 1.74% reduction of electric usage. With electric costs being a large portion of our total energy usage and costs, even this small % reduction had a very large effect on costs and use. With all of our new efforts conserve electricity of presses as well as our natural light system, our electricity usage should continue to decrease. Another major source of energy usage at Lauterbach Group stems from natural gas:

Natural Gas Usage



We have made great strides in reducing our natural gas usage. Part of this stems from the warmer winters in 2011-12 and 2012-13 compared to the cold winter of 2010-11, but we have decreased our usage in 2012 in every month compared to 2011. The natural gas peak was much lower in the winter of 2012 than 2011, but the summer values were lower as well. The very low natural gas use in the summer and winter of 2012 is due to a complete recalibration and some minor repairs of our HVAC system. This made our natural gas usage much more efficient than it had been previously, as we had been overusing our needs in gas in 2011. Overall, we used 8,874 therms of natural gas in 2012 compared to 19,371 therms in 2011. This amounts to a 10,497 therm reduction and an impressive 54.2% decrease in use of natural gas.

Material Waste/Recycle

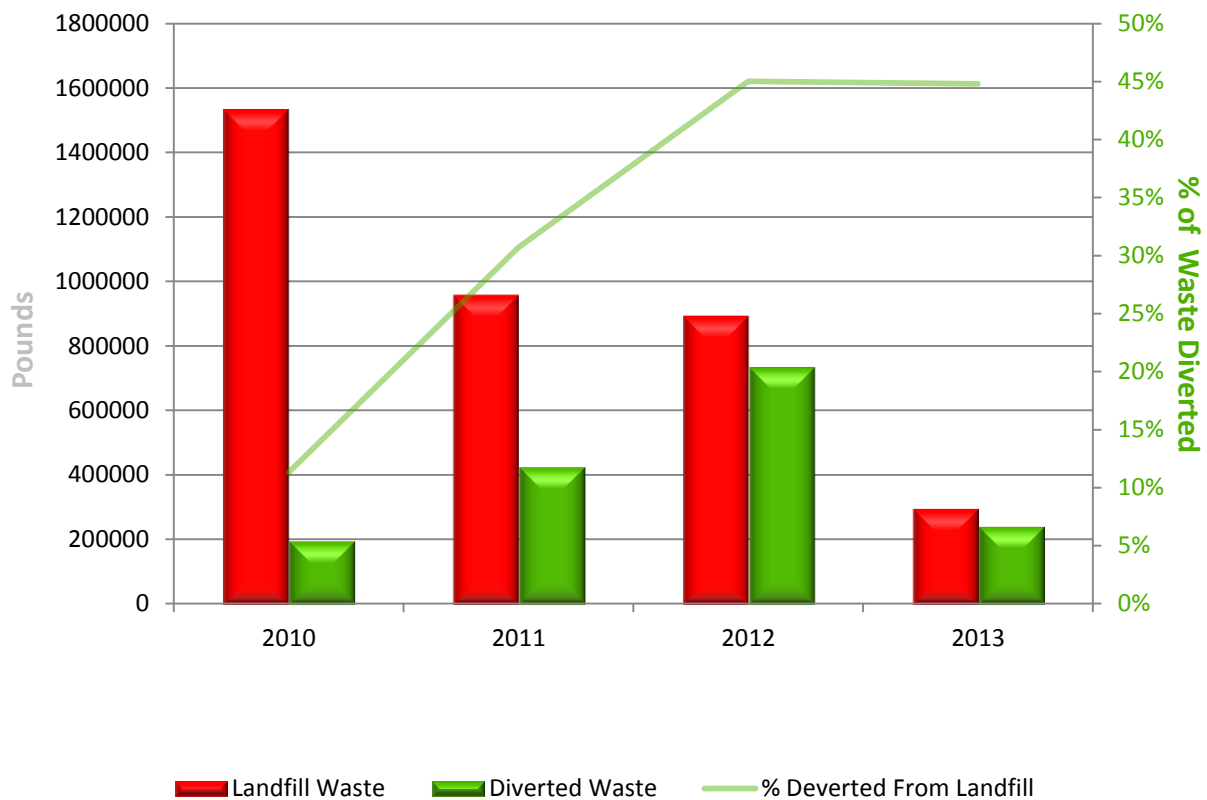
Waste remains many companies' most dramatic impact on the environment. In order to reduce waste sent to landfill and lower our waste footprint on the environment, we have established an extensive reuse, reduce, and recycle process. Our mistake grid helps to cut down on waste by showing production mistakes off so people learn from them, instead of just throwing the mistakes away. Rick Fogl, Champion Waste Management, currently makes extensive efforts to reduce our waste to landfill and save us money through recycling. All of

these efforts to recycle get us closer to our ultimate goal of being a zero landfill company (reusing or recycling all waste produced). Our main sources of waste currently come from press matrices and general waste, but we are currently researching how to recycle these matrices. We have an easy to use recycle separation compartment system next to all presses. The boxes are clearly labeled to allow workers to know exactly what kind of recyclable waste goes in which box. We have 12 different kinds of recyclable waste containers to ensure all of the materials are recycled the correct way. We recycle all spoilage from the presses as well as used plates. Besides our own waste which we recycle, we also take old unused labels back from our clients as reclaimed materials and recycle them. We attempt to reduce or reuse everything before we recycle it. For example, we constantly reuse our pallets and ecopacks. We currently save paper through our office printing policy: no printers in individual offices, 2 sided printing as the default on all printers, and making many forms online instead of on paper. All these efforts, as well as a recycle everything policy within the office reduces our waste and increases our retention of money and resources. We have continued to show extremely promising improvement in the area of recycling and reducing landfill waste:

Year:	2010	2011	2012	2013
Landfill (lbs.)	1534620	961040	896220	297300
Recycle (lbs.)	196115	425666	734116	241277
Total Waste (lbs.)	1730735	1386706	1630336	538577
% Recycled	11%	31%	45%	45%

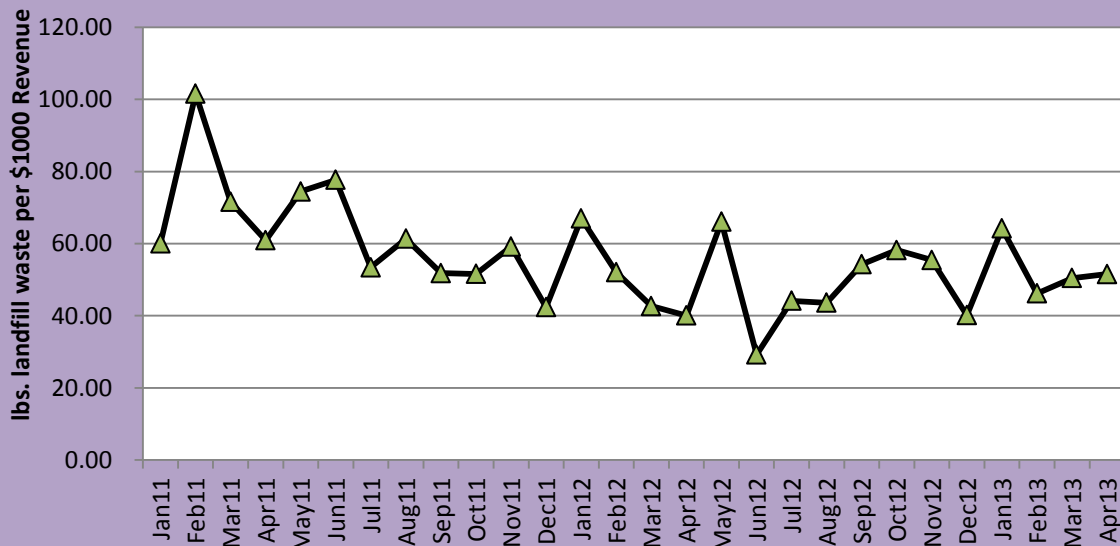
Note: 2013 data through May 2013

Group's Waste Landfill Diversion Performance



Note: 2013 data through May 2013

Landfill Waste per Total Revenue



While our total pounds of waste have gone up and down, our weight of waste sent to landfills has decreased every year and our weight of recycled waste has increased every year as our recycling methods have gotten better. This in turn has made our % of waste recycled increase over the last few years, while 2013 has remained similar to 2012 thus far. Here is a breakdown of what our 12 different compartments of recycled waste consist of:

Recycled Materials for 2012

Material	Lbs. Recycled
Aluminum Cans	122
Cores	38398
Foil	252304
Liner	2576
Pressure Sensitive Adhesives	139600
Waste To Energy	133361
Plastic (#2)	3287
Plastic(#1, #4, #5)	653
Plastic(Package Materials)	3660
Mixed Recycled Tote	40209
Reclaimed Materials	13736
Cardboard	5767
Total	734,116

Our three main forms of recycled materials continue to be foil, pressure sensitive adhesives, and waste to energy. While these are the most prevalent and easiest materials for us to recycle, we are constantly working on finding new ways to recycle other materials and waste. Our process of separating different kinds of recyclable waste has been very successful and as we find new ways to recycle other materials like matrix waste, we will continue to add new categories of recyclable waste and increase our percent of waste recycled.

Carbon Footprint

Carbon footprint has become a hot topic among industries and a measure of a company's environmental success and impact. Our group not only cares about how our actions affect ourselves, but also the community and world around us. Our reduce, reuse, and recycle principles help us to focus on reducing our carbon footprint. Due to our company's small size, our carbon footprint data is limited. We do not have available data on propane use, solvent oxidation or emissions, or gas use by inbound trucks. We rent out all of our trucks here at Lauterbach Group, so technically the gas used by those trucks is not part of our footprint. However, this does not paint an entirely accurate picture of our footprint as we do not have the

trucking companies' inbound mileage data available, only the outbound mileage and gallons. Our solvent oxidations and emissions used to be recorded, but we had such low emissions that the state no longer required us to record them as long as we don't make any drastic changes to our production process. Therefore, our emissions given off are practically zero. Our calculated carbon footprint for 2012, including outbound trucks (not technically part of our footprint), was 1,102.40, while our carbon footprint in 2011 was 1,250.34. While not entirely comprehensive, these carbon footprints show how our carbon footprint has been decreasing, mainly due to our strides in reducing our electric and natural gas usage.

Renewable Energy

In order to create environmentally favorable outputs, we commit ourselves to using environmentally favorable inputs. We have made a recent commitment toward increasing our percentage of renewable inputs used versus fossil fuel and nonrenewable inputs. We currently use renewable solar energy in our bathrooms with our faucets and urinals. Additionally, we have made our truck lifts battery operated and made all batteries within our company rechargeable. Rechargeable batteries create less waste from dead batteries and allow us to use renewable energy. Additionally, we currently get our electricity and natural gas from We Energies with 3.4% of our energy coming from renewable energies. While 3.4% remains relatively small, we aim to increase this amount as more efficient renewable energy technology is made available.

Building

We moved into a state of the art facility back in 2009. Our building is LEED™ Silver certified by the U.S. Green Building Council for sustainable site development, water efficiency, energy efficiency, materials and resources selection, and indoor environmental quality. Our building was made to allow natural light to flow into the building to cut down on our need for high intensity lighting during the day. This cuts down on our electricity and energy usage and reduces our carbon footprint. The porous pavement in the parking lot allows rain water to filter into water aquifers underground, preventing runoff and conserving water. We also exclusively used Sustainable Forestry Initiative certified wood in the creation of the building.

Toxic Release Inventory

The Toxic Release Inventory is the standard reporting procedure for U.S. businesses to report their environmental footprint through greenhouse gas and toxic emissions. Our business reported these emissions for many years and within the last year was no longer required by the state to track our emissions. Our toxic emissions are so low, that as long as we don't make any drastic changes on how we emit gasses, we are not required to track these emissions. Therefore, as accurately as we can state, currently our emissions are low to none.

Future Goals (2013)

1. Increase % of waste recycled to 55%
2. Reduce total water usage by 10% and increase % of water recycled by 10%
3. Get lbs. of sludge per gallon of water ratio above 0.12
4. Reduce electric usage by 10%
5. Reduce natural gas usage by 10%
6. Decrease Carbon Footprint below 1000
7. Improve use of renewable energies to 10%

Suggested Actions for Improvement

1. Improve Waste Recycled
 - a. Introduce Rick's matrix waste program:
 - Biggest source of landfill waste currently is our matrix waste, which all gets landfilled.
 - Spot another truck in the shipping/waste management area to send to Greenwood Energy. (Need to construct concrete, because porous pavement will not uphold a truck spot)
 - Take all matrix waste from the big presses and put through a compactor.
 - Send compacted matrix waste to Greenwood Energy, saving us money from sending the waste to landfill and reducing our landfill waste footprint.
 - b. Establish liner get back program:
 - We send a truck to get liner waste from our biggest clients.
 - This liner waste can be sent to Channeled Resources for money back for us.
 - Currently a successful program at *Prime Package and Label*. (<http://www.pplstl.com/sustainabilityfirst.php>)
 - Will allow us to gain revenue from recycling waste as well as reduce the amount of landfilled liner from our clients.
2. Reduce Water Usage/Improve Water Recycling
 - a. Establish Pan Cleaning Standard
 - Methods of cleaning pans vary between employees.
 - Implement policy that water must be turned on and off as washing pans, not left running in between washing pans.
 - b. Purchasing a more efficient press or reducing spoilage will require less ink to be used to create the same amount of product, thus reducing water usage.
3. Improve Water Filtration
 - a. Experimenting with new chemicals for 2013 and researching for better chemical products that can more efficiently filter water. If our chemicals are more effective in filtering water from ink sludge, we will use less chemicals and obtain cleaner water at the end of filtration.
4. Reduce Electric Usage
 - a. Purchase more efficient press or parts

- The current presses can be energy inefficient and use more electricity than needed.
 - A new, more efficient press would cut down drastically on energy costs.
 - New press would more than payback in savings of energy costs for the purchase.
 - Use electric monitoring meter to determine which press(es) or part(s) are the most energy inefficient to determine which one to replace, fix or manage.
 - b. Manage press use to make sure presses are only on or being used when absolutely necessary.
5. Reduce Natural Gas Usage
- a. Install Heat Recovery System
 - Heat recovery system will recycle heat released from building and reuse the energy to reheat the building.
 - Will lower natural gas costs to heat the building during the winter.
 - Will have estimated return on investment of 1-3 years.
 - Lofton Label currently uses heat recovery system in Minnesota, so is already a proven viable option for the label industry.
(<http://www.loftonlabel.com/images/stories/Corporate%20Environmental%20Policy.pdf>)
 - Focus On Energy (<http://www.focusonenergy.com/business>) provides incentives and options to install heat recovery system.
 - b. Recalibrate HVAC System
 - Helped our system in 2012 and could improve natural gas usage again.
6. Reduce Carbon Footprint
- a. Before we can worry about how to reduce our carbon footprint, we must obtain better data in order to accurately measure our carbon footprint. Data we should track includes: propane usage from lift trucks, emissions and VOCs released, and clients' inbound trucks' miles and gallons used. Having this data will allow us to get a more accurate picture of our entire carbon footprint instead of the partial data we currently track. Our efforts to reduce electric and natural gas usage will also help to lower our footprint.
7. Increase Use of Renewable Energies
- a. Focus on Energy will pay incentives to companies for using renewable energy. Apply to Focus on Energy program at <http://www.focusonenergy.com/business/renewable> for incentives to install a renewable energy project, most likely solar. If we can use this project toward the WE Energies *Energy For Tomorrow* program, we can see if the *Energy For Tomorrow* renewable energy package might be less expensive than the normal, nonrenewable energy package we currently use. If so, or if the amounts are similar, we can install a renewable energy program to improve our amount of renewable energy used.

Overview

We have made strides in almost every area of environmental sustainability within the last few years according to our metrics and the Green Tier report. We continue to make every effort possible to lower our impact on the environment and every little measure we have taken has helped. As we improve our data on emissions and carbon footprint, we can hopefully get a better idea there of how we are doing. Otherwise, in water use, material waste, and energy use we are making improvements and have plans of action to continue to improve in all of these areas.

Economic Sustainability

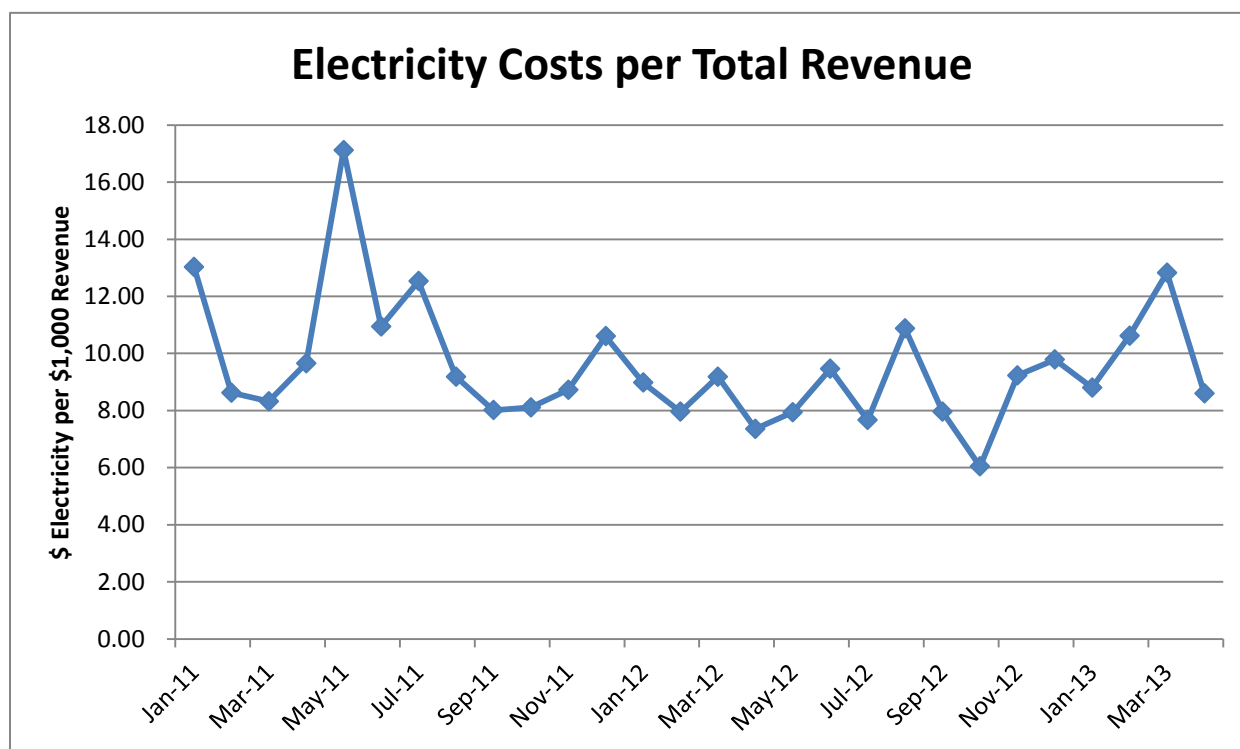
A common misconception exists that sustainability efforts help the environment, but lose companies money. Sustainability efforts are not only beneficial for the environment, but they can also help improve a company's financial bottom line through lowered costs. Learning how to better recycle used materials and lower water and energy usage will improve the efficiency of the production process and lower costs. We know that when we save money, our clients save money as well. Efficiency remains critical here at Lauterbach Group through the Lauterbach Productivity System. The Lauterbach Productivity System reviews all mistakes creating waste and producing less than optimal output in the factory in order to learn from them and improve our efficiency and productivity. Our efficiency can always be improved and enhancing sustainability and resource usage can improve our efficiency and reduce production costs. Not only is sustainability the right thing to do for our environment, but it is the smart thing to do financially for our company.

Water Usage/Recycling

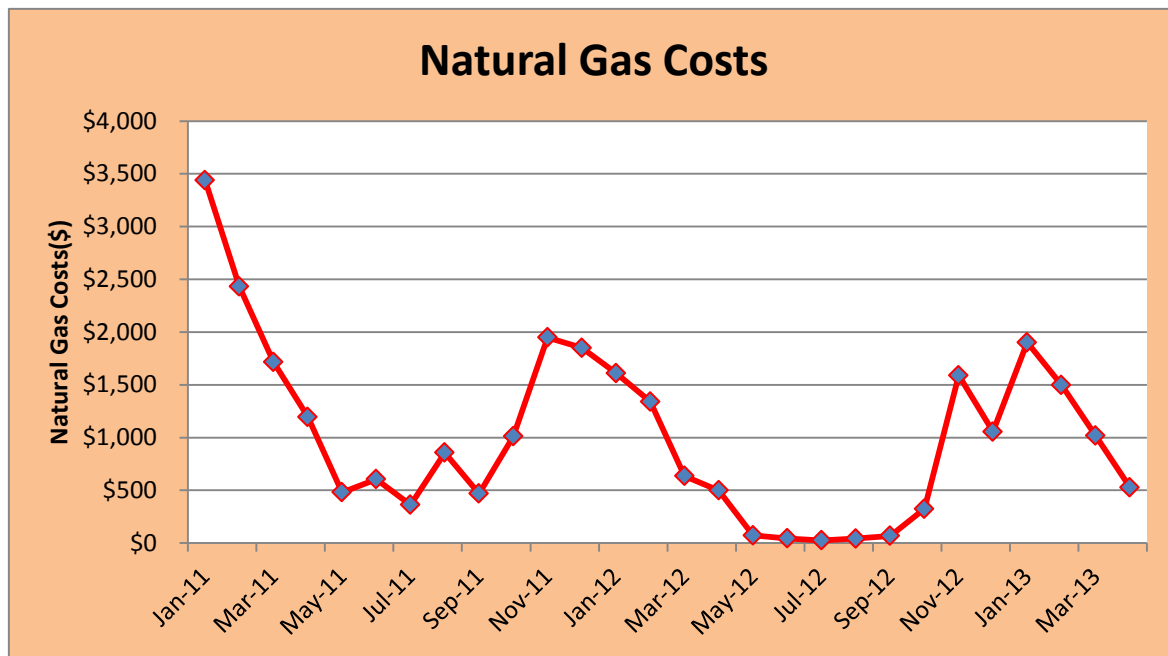
Lowering water usage to save money remains a simple idea. The lower the amount of water we use without sacrificing workplace or product quality, the less money we spend in production. We spent \$617.05 more on water in 2012 than we did in 2011, while total revenue increased by 17%. In 2011 we spent \$4563.62, while in 2012 we spent \$5180.67. If we are able to reach a goal of a 10% reduction of use of water in 2013, we would save \$518.07 in water usage bills. Lowering the amount of water we put into our production process to begin with saves us money, but recycling used water to be reused saves money as well. While we used more water and spent more money on water in 2012 than 2011, we also learned how to recycle our water better from 11.3% to 17.9% of our water being recycled. Our recycled water in 2011 at 11.3% saved us \$516.44 in water and our 17.9% recycling of water in 2012 saved us \$927.85. If we were to use the same amount of water in 2013 as we did in 2012 and we increased the % of water we recycle by 10% to 27.9% we would save \$1479.06 through water recycling in 2013 or \$552.79 more than we did in 2012.

Energy Usage

Not only does lowering our energy usage lower our impact on the environment, but it also saves Lauterbach Group money. Our electricity costs have remained relatively stagnant over the last two years with a slight decrease in energy costs, but opportunity to save large amounts of money exist in lowering our energy and electricity usage.



We spent \$149,472 in electricity costs in 2012, compared to \$151,736 in 2011, while increasing our total revenue by 17%. This amounts to a \$2,264 savings increase with relatively stagnant electricity costs between the two years. If we were to cut down on our electricity use by 10% in the next year, we would save \$12,979 in energy costs. We currently make many efforts to reduce our electricity usage, but any improvements that can be made could have a substantial effect on our costs. Our natural gas usage also decreased from 2011 to 2012, saving our company money in energy bills. The reduction in natural gas has been much more substantial than that with electricity due to the recalibration and minor repairs of our HVAC system.



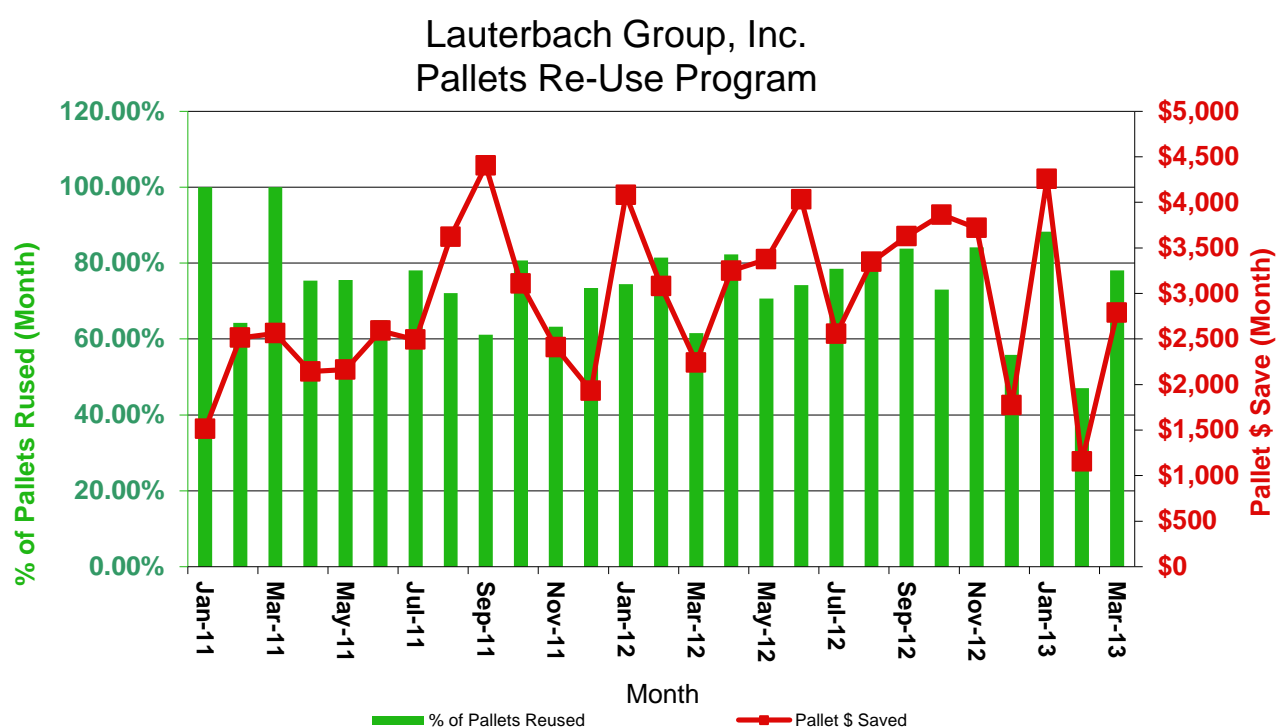
Overall, our costs from natural gas went down substantially in 2012 from 2011. We spent a total of \$7,309 on natural gas in 2012, compared to \$16,366 in 2011. The 54.2% natural gas usage decrease saved us \$9,057 in 2012 from 2011. If we decrease our natural gas usage in 2013 by 10% from the usage in 2012, we would save ourselves an additional \$730.90 in costs.

Material Waste/Recycle

Our efforts to keep our waste materials out of landfill helps to save the environment, but it also helps us save money and materials in the process. Our recycled waste sent to Channeled Resources gets us money back and allows for some extra profit from this waste, while lowering our amount of landfill waste. We try our best to create as little of any waste as possible, but if waste exists, we always try to recycle as much as possible. The following data shows the amount of money we spend on sending our waste to landfills and the amount of money we receive from recycling our waste. The 2013 prospective data is based on averages of money earned per pound recycled and is therefore not exact, but approximate because of the differing amounts of money for different materials.

	2011	2012	10% Goals For 2013
Landfill Waste \$ Spent	-21,233.47	-20,096.17	-18,086.55
Recycling \$ Earned	7,484.04	10,873.80	12,201.29
Net Waste Profit \$	-13,749.43	-9,222.37	-5,885.26

Our 72.5% increase in lbs. recycled and our 6.74% decrease in lbs. of landfill waste in 2012 from 2011 earned us an additional \$4,527.06 from waste in 2012 compared to 2011. While we will first attempt to reduce the amount of waste recycled in the next year by reducing total waste, if we are able to recycle a higher proportion of our waste we will earn additional money. If we recycle 10% of our landfill waste that existed in 2012 plus the same amount of recycled material from 2012, we would save our company an additional \$3,337.11 in 2013 with the realistic goal of a positive profit on waste within 5 years. If we continue to search for better ways to recycle our current landfill waste, we can continue to save more money on our waste and also lower our impact on the environment. Besides recycling, reusing saves us substantial costs by allowing us to not have to buy more supplies. A current emphasis on reuse of our pallets has led to lower costs in purchasing new pallets:



We have been successful in reusing 5,562 pallets in 2012, compared to 4,492 pallets in 2011. This 23.8% increase has saved us an additional \$7,490 from 2011. Overall, we saved \$38,934 in 2012 through reusing pallets and \$31,444 in 2011. Reusing pallets, instead of having to recycle them, lowers our need to buy new pallets. If we reused 10% more pallets in 2013 than we did in 2012 we would save an additional \$3,144.42 in pallet purchasing compared to the \$38,934 saved last year for total savings of \$42,078.42 from pallet reuse in 2013.

Spoilage

One of the biggest sources of our waste comes from spoilage. Spoilage can come in many forms and consists of a mistake made or extra unnecessary materials produced in the

production process. When a plate is spoiled, it cannot be used for production and becomes recyclable waste. We currently make great efforts to reduce our plate spoilage. We use a mistake grid to show off our errors in plate making and printing in order to learn from them and guarantee we don't make the same mistakes again. The Lauterbach Productivity System is an integrative approach to continuous improvement for our quality, service, supply-chain, sanitation, environmental, safety and group member care practices. The system enhances our efficiency in production by reducing waste and spoilage. Our press spoilage comes from the time needed to adjust the press to print the correct color and form of label. We are constantly reviewing and innovating ways to reduce our press spoilage and wasted materials. Our total footage run has increased from 2011 to 2012, while our footage of spoilage has decreased over the same time. Overall, our spoilage in 2012 was approximately 9.2%, while our spoilage in 2011 was approximately 14.3%. Any efforts to reduce spoilage will have a drastic difference on our bottom line by reducing waste and cost. Our 2013 spoilage currently sits at 10%, fairly stagnant from 2012, but room for improvement still exists. If we lower our spoilage in 2013 to 6% from 9.2% in 2012 while maintaining total footage run, we would save our company a substantial amount of money in costs. Even a small change in spoilage can make a dramatic impact on our company's finances.

Future Goals

1. Reuse 10% more of our pallets
2. Reduce spoilage to 6%
3. Improve and consolidate data

Suggested Actions for Improvement

1. Reuse More Pallets
 - a. Establish policy of fix all possible pallets
 - Many pallets currently are recycled that could be reused again after a small fix.
 - Simple materials such as screwdriver, hammer, and nails could fix a majority of the pallets that are recycled.
 - We would spend less money by spending time to fix pallets than by recycling them and having to buy new pallets.
 - Unless absolutely unfixable or destroyed, fix pallet and reuse.
2. Reduce Spoilage
 - a. Improve Spoilage Data
 - The spoilage data currently has flaws.
 - There are some negatives for spoilage that are counterintuitive and the recording system needs fixed.
 - In order to reduce spoilage, we must first have accurate data to understand where we are now and where our spoilage comes from.
 - b. More Efficient Press

- Along with monitoring press data for electricity, if we can fix our spoilage data we can determine where our spoilage mainly comes from and which presses are inefficient.
 - After examining electricity and spoilage data, we can determine which press or parts of a press may need replaced with a more efficient press or part which will reduce spoilage and electricity costs.
 - Electricity and spoilage are two of our largest costs, so purchasing a more efficient press or parts should get a return on investment fairly quickly as the changes will have substantial effects on cost.
3. Improve and Consolidate Data
- a. Spoilage Data
 - Lots of negatives and unexplainable numbers in the data.
 - Data is complete, but inaccurate.
 - Can't make evaluations of spoilage without completely accurate data.
 - With reliable data of press and operator spoilage, we can find ways to reduce total spoilage.
 - Fix automatic data recorders on the presses.
 - b. Printer Data
 - Stopped calculating money spent and pages printed after 2011.
 - Could find ways to reduce paper waste through data.
 - Not a huge problem, as we only spent \$1,007 on printer paper in 2011, a relatively small cost.
 - Could stop the printing of every day's CRC data and just keep CRC records online in order to reduce printed pages.
 - c. Recycling Data
 - Recycling data for pounds and type recycled is very good.
 - Recycling data for money received from Channeled Resources and money paid to Greenwood Energy is all over the place.
 - The amount of money we receive from recycling is important to decide if recycling projects will be profitable for our company or not. Without proper data, we could undergo new recycling projects that we think are profitable that are in fact not or vice versa.
 - d. Consolidate Data
 - In general, the data and documents at Lauterbach Group are spread everywhere. A disconnect between workers and an uncertainty over who has what data or documents exists that makes our office less efficient.
 - Consolidating data into a single source and easy to understand folders will allow for a more efficient office where no extra time is spent searching for necessary documents from other people or through a complex folder system.

Overview

Our sustainability endeavors do not only lower our effect on the environment; they also save us money by lowering costs. Our costs have decreased in many areas, because of our commitment to sustainability. These tables demonstrate our costs and savings in areas of sustainability:

Percentage of 2011 Savings		
	2012	2013 Goals
Water Recycling	179.7%	286.4%
Recycled Waste	145.3%	163.0%
Pallet Reuse	123.8%	133.8%
Total	128.6%	141.4%

Percentage of 2011 Costs		
	2012	2013 Goals
Water Use	113.5%	102.1%
Landfill Waste	94.4%	85.0%
Spoilage	82.6%	54.8%
Natural Gas	44.7%	40.2%
Electricity	98.5%	90.0%
Total	85.4%	62.6%

Most of the money to be saved within our company lies in our spoilage, electricity costs, and material waste recycling. Any improvements in these areas can substantially improve our financial bottom line as well as our environmental footprint. We have shown considerable improvement in cost reduction and savings increase from year to year in our sustainability division. Not only do we pay attention to how much waste we create and energy we use to help the environment, but also to keep finding ways to lower our costs and improve our product quality.

What Now?

This report has shown where Lauterbach Group stands now with regards to sustainability (among the industry leaders in all areas) and where we are headed. In order to see how our group is improving and where we fall short, we will have an annual sustainability report made every year at approximately the same time (June). Future reports will allow for review and opportunity to invent new ways to improve socially, environmentally, and economically. In order to ensure maximum value of future sustainability reports, we must undergo a

consolidation and repair of data, as well as implementation of newly recorded data as outlined in this report. Lauterbach Group has a strong philosophy of improving every single day. Sustainability is like anything else, it can always be improved. Although we are very successful in sustainability, we are still able to improve and we strive for improvement in sustainability socially, environmentally, and economically.